

TOWN OF BENTON, MAINE  
ANNUAL FINANCIAL REPORT  
with Independent Auditors Report

For the Year Ending December 31, 2009

TOWN OF BENTON, MAINE  
ANNUAL FINANCIAL REPORT  
Year Ended December 31, 2009  
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# KEEL J. HOOD

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## INDEPENDENT AUDITORS REPORT

Board of Selectmen  
Town of Benton  
Benton, Maine

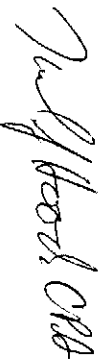
I have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information, of Town of Benton, Maine, as of and for the year ended December 31, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Benton, Maine's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the remaining fund information of the Town of Benton, Maine as of December 31, 2009, and the respective changes in financial position, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Town of Benton, Maine has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of the basic financial statements.

The budgetary comparison information is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.



January 14, 2010

Statement 1  
TOWN OF BENTON, MAINE  
Statement of Net Assets  
December 31, 2009

<b>ASSETS</b>	Governmental Activities
Current Assets:	
Cash	\$ 944,274
Cash - restricted	89,635
Receivables	
Taxes	191,422
Liens	39,729
Accounts	7,177
Total Current Assets	<u>1,272,237</u>
Noncurrent Assets:	
Capital assets net	3,220,917
Total Assets	<u>4,493,154</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	33,262
Total Current Liabilities	<u>33,262</u>
Total Liabilities	<u>33,262</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	3,220,917
Restricted	89,675
Unrestricted	1,149,300
Total net assets	<u>\$ 4,459,892</u>

TOWN OF BENTON, MAINE  
Statement of Activities  
For the Year Ended December 31, 2009

Statement 2

Function/Programs	Program Revenues				Net (Expense) Revenues
	Expenses	Charges for Services	Operating grants and contributions	Capital grants and contributions	
Governmental activities:					
General government	\$ 216,925	16,026			(200,899)
Public safety	200,415	3,274			(197,141)
Public works	348,170	30,660			(317,510)
Social services	10,878		8,283		(2,595)
Leisure services	39,287	651	2,085		(36,551)
Health and sanitation	141,858	31,438			(110,420)
Special assessments	1,384,716				(1,384,716)
Unclassified	37,229				(37,229)
Total governmental activities	2,379,478	82,049	10,368	0	(2,287,061)
Net (expense) / revenue					
General revenues:					
Property taxes					1,476,068
Excise taxes					417,877
Interest and costs on taxes					19,934
Intergovernmental:					
State revenue sharing					148,235
Homestead exemption					51,367
Tree growth					3,424
Veterans reimbursement					1,340
Miscellaneous					2,856
Fisheries					18,881
Unrestricted interest					2,530
Total general revenues					2,142,512
Change in Net Assets					(144,549)
Net Assets - beginning					4,604,441
Net Assets - ending	\$				4,459,892

Governmental  
Activities

TOWN OF BENTON, MAINE  
Balance Sheet  
Governmental Funds  
December 31, 2009

Statement 3

ASSETS		General Fund	Total Governmental Funds
Cash		\$ 1,033,909	\$ 1,033,909
Receivables			
Taxes		191,422	191,422
Liens		39,729	39,729
Accounts		7,177	7,177
Total Assets		<u>1,272,237</u>	<u>1,272,237</u>
LIABILITIES			
Accounts payable		33,262	33,262
Deferred property taxes		188,800	188,800
Total Liabilities		<u>222,062</u>	<u>222,062</u>
FUND BALANCES			
Fund Balances			
Reserved:			
Capital purchases	89,675		89,675
Unreserved:			
Designated for subsequent years			
Revenues	19,240		19,240
Expenditures	21,321		21,321
Undesignated	919,939		919,939
Total Fund Equity	<u>1,050,175</u>		<u>1,050,175</u>
Total Liabilities and Fund Equity	<u>\$ 1,272,237</u>		<u>\$ 1,272,237</u>

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,220,917
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Other long-term assets are not available to pay for current-periods expenditures and therefore are deferred in the funds.	188,800
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Net assets of governmental activities	<u>\$ 4,459,892</u>
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## Statement 4

## TOWN OF BENTON, MAINE

## Statement of Revenues, Expenditures, and Changes in Fund Balances

## Governmental Funds

For the Year Ended December 31, 2009

	General Fund	Total Governmental Funds
<b>Revenues:</b>		
Taxes	\$ 1,894,778	\$ 1,894,778
Intergovernmental	245,408	245,408
Charges for services	51,389	51,389
Interest	2,530	2,530
Miscellaneous	21,723	21,723
<b>Total Revenues</b>	<u>2,215,828</u>	<u>2,215,828</u>
<b>Expenditures:</b>		
Current:		
General government	215,280	215,280
Public safety	200,415	200,415
Public works	486,955	486,955
Social services	10,876	10,876
Leisure services	38,418	38,418
Health and sanitation	141,858	141,858
Special assessments	1,384,716	1,384,716
Unclassified	37,229	37,229
<b>Total Expenditures</b>	<u>2,515,747</u>	<u>2,515,747</u>
Excess of Revenues Over (Under) Expenditures	<u>(299,919)</u>	<u>(299,919)</u>
Fund Balances - beginning	1,350,094	1,350,094
Fund Balances - ending	<u>\$ 1,050,175</u>	<u>\$ 1,050,175</u>

The accompanying notes to the financial statements are an integral part of this statement.

## TOWN OF BENTON, MAINE

Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances  
Of Governmental Funds

## to the Statement of Activities

For the Fiscal Year Ended December 31, 2009

Net change in fund balances - total governmental funds	\$ (299,919)
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Amounts reported for governmental activities in the  
Statement of Activities are different because:

Governmental funds report capital outlays as expenditures.

While governmental activities report depreciation expense to  
allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	323,533
Depreciation expense	(187,263)

Revenues in the Statement of Activities that do not provide

current financial resources are not reported as revenues  
in the funds:

Deferred property tax revenue	19,100
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Change in Net Assets of Governmental Activities	\$ (144,549)
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Statement 6

TOWN OF BENTON, MAINE  
Statement of Net Assets  
Fiduciary Fund - Cemeteries  
December 31, 2009

	Private Purpose Trust Fund
<b>ASSETS</b>	
Cash	\$ 25,304
Cash - certificates of deposit	25,806
Investments	37,589
Total Assets	<u>88,699</u>
<b>NET ASSETS</b>	
Held in Trust	88,699
Total Net Assets	<u>\$ 88,699</u>

Statement 7

TOWN OF BENTON, MAINE

Statement of Changes in Fiduciary Net Assets

For the Year Ended December 31, 2009

	Private Purpose Trust Fund
Additions:	
Investment income	\$ 7,231
Donations	1,600
Total Additions	<u>8,831</u>
Deductions:	
Scholarships	70
Total Deductions	<u>70</u>
Change in Net Assets	8,761
Net Assets - beginning	77,938
Net Assets - ending	<u>\$ 86,699</u>

TOWN OF BENTON, MAINE  
Notes to Combined Financial Statements  
December 31, 2009

1. Summary of Significant Accounting Policies

The Town of Benton was incorporated under the laws of the State of Maine. The Town operates under the Board of Selectmen form of government.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Town has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Town has chosen not to do so. The more significant accounting policies established in GAAP and used by the Town are discussed below.

**A. Reporting Entity**

In evaluating how to define the reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit is made by applying the criteria set forth in GAAP which defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. Based upon the application of these criteria, there were no potential component units required to be included in this report.

**B. Government-wide Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non fiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset

by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Town has elected not to allocate indirect costs among the programs, functions and segments. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Licenses, permits, fees, excise taxes and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Interest income and charges for services are recorded as revenues when earned, since they are measurable and available.

Those revenues susceptible to accrual are property taxes, interest, and charges for services. Other receipts and taxes become measurable and available when cash is received by the Town and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are

met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed.

The Town reports the following major governmental fund:

The General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Additionally, the Town reports the following fund types:

#### **Fiduciary Funds**

Fiduciary funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

Private-purpose trust funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

#### **D.**

##### **Capital Assets**

Capital assets, which include property, plant, and equipment are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives ranging from 3 to 50 years.

**E. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, if material, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, if material, are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**F. Short-term Interfund Receivables/Payables**

During the course of operation, numerous transactions occur between individual funds primarily for cash flow purposes. These interfund receivables and payables are classified as "due from other funds or due to other funds" on the balance sheets.

**G. Fund Equity**

Reserved fund balance indicates that a portion of the fund balance is legally or otherwise segregated for a specific future use, and is indicated by the title of each reserve listed in the balance sheet. Unreserved-designated fund balances indicate amounts which either are required to be carried forward by law or contractual agreement, or which the Town has voted to carry forward.

**H. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Budgetary Accounting

A budget is formally adopted for the General Fund, only, through the passage of a Town warrant, and is prepared on a basis consistent with generally accepted accounting principles.

Commitments for goods and services at the end of the year are recorded as encumbrances for budgetary control. These encumbrances lapse at the end of the year and become part of the following year's budgetary amounts. These balances are recorded as Designated for Subsequent Year's Expenditures at December 31, 2009. In the General Fund, the level of control (level at which expenditures may not exceed budget and applied revenues) is the accounts within each department. Generally, unexpended appropriations are lapsed at the close of the year, as are unexpended revenues. Once adopted, the budget can only be amended by the townspeople at a special Town meeting.

3. Deposits and Investments

The Town's policy is to invest all available funds at the highest possible rates, in conformance with legal and administrative guidelines, while avoiding unreasonable risk.

At year end, the Town's carrying amount of deposits was \$1,083,018. The bank balances for all funds totaled \$1,122,689. Custodial credit risk is the risk that, in the event of a bank failure the District's deposits might not be recovered. As of December 31, 2009, none of the Town's deposits were uninsured and uncollateralized.

Investments of \$37,589 are held by the towns agent in the Towns name. Investments are held in Washington Mutual Investors Fund-A a mutual fund for the future use as a town library trust fund. The Town does not have a formal investment policy to minimize custodial credit risk.

4. Property Tax

Property taxes for the year were committed on July 30, 2009, on the assessed value listed as of April 1, 2009, for all taxable real and personal property located in the Town. Payment of taxes was due on September 30, 2009 with interest at 9% on all tax bills unpaid as of that date.

Assessed values are periodically established by the Town's Assessor at 100% of assumed market value. The assessed value for the list of April 1, 2009 upon which the levy for the year ended December 31, 2009, was based, was \$133,940,090. This assessed value was 86% of the estimated market value.

Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The Town has the authority to foreclose on property eighteen months after the filing of the lien if tax liens and associated costs remain unpaid.

Property taxes levied during the year were recorded as receivables at the time the levy was made. The receivables collected during the year and in the first sixty days following the end of the fiscal year have been recorded as revenues. The remaining receivables have been recorded as deferred revenues.

5. Operating Property

Operating and nonoperating property are recorded at cost or, in the case of contributed property, at the fair market value at the date of acquisition. Depreciation is computed on the straight line method based upon the estimated useful lives of the assets as follows:

Governmental Activities:	Balance January 1 2009	Increases	Decreases	Balance December 31 2009
Assets not being depreciated	\$ 46,600	\$	\$	\$ 46,600
Land				
Assets being depreciated	278,170	323,533		278,170
Buildings	6,888,806	323,533		7,212,339
Infrastructure	7,213,576	323,533	0	7,537,109
Less accumulated depreciation	93,101	6,955		100,056
Buildings	4,035,828	180,308		4,216,136
Infrastructure	4,128,929	187,263	0	4,316,192
Capital Assets, net	\$ 3,084,647	\$ 136,270	\$ 0	\$ 3,220,917
Depreciation Expense:				
General government	\$	1,646		
Public works		184,748		
Leisure services		869		
	\$	187,263		

6. Debt Limitations

In accordance with 30-A MRSA, Section 5702, as amended, no municipality shall incur debt for specified purposes in excess of 15 percent of the state valuation of such municipality. At December 31, 2009, the Town was in compliance with these regulations.

7. Undesignated General Fund Fund Equity

The undesignated General Fund fund equity reflected a change for the current year as follows:

Balance - January 1, 2009	\$ 1,136,943
Increase (Decrease):	
Actual over budgeted revenues	(591)
Actual under budgeted expenditures	56,502
Budgeted utilization of fund equity	(272,915)
Net Increase (Decrease)	(217,004)
Balance - December 31, 2009	\$ 919,939

8. Designated for Subsequent Year's Revenues

The portion of the General Fund fund equity which has been designated for subsequent year's revenues represents amounts received during the current accounting period that are to be budgeted as revenues in the subsequent year. These accounts, were as follows at December 31, 2009:

State Revenue Sharing	\$ 19,240
Total	\$ 19,240



9. Designated for Subsequent Years Expenditures

The management decided to carry certain departmental unexpended balances forward to the following year for expenditure. This is usually in lieu of additional appropriations in any particular account.

Capital improvement	\$	20,500
Tree grant		821
	\$	<u>21,321</u>

10. Reserved Fund Equity

The Reserves for Capital Purposes for the year ended December 31, 2009 consists of the following:

Comprehensive plan	\$	6,219
Contingency		83,456
	\$	<u>89,675</u>

11. Risk Management

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the past several years the Town has obtained coverage from the Maine Municipal Association risk pool. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonable estimated. In determining claims, events that might create claims but for which none have been reported, are considered.

The Town's Management estimates that the amount of actual or potential claims against the Town as of December 31, 2009, are unknown. Therefore, the General Fund contains no provision for estimated claims.

12. Overlapping Debt

The Town is liable for its proportional share of any defaulted debt issued by entities of which it is a member. The overlapping bonded debt applicable to the Town at year-end, consists of the following:

<u>Entity</u>	<u>Total</u>	<u>Town's Share</u>	<u>Percentage</u>
SAD #49	\$ 2,267,780	\$ 430,425	18.98%
Kennebec County	\$ <u>391,842</u>	\$ <u>6,191</u>	1.58%

TOWN OF BENTON, MAINE  
Budget Comparison Schedule  
General Fund

Schedule 1

For the year ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Variance with final budget positive (negative)</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:	\$	\$	\$	\$
Taxes	1,862,341	1,966,959	1,894,778	(72,181)
Intergovernmental	301,939	302,815	245,408	(57,407)
Miscellaneous			21,723	21,723
Interest			2,530	2,530
Charges for services		30,342	51,389	21,047
<b>Total revenues</b>	<b>2,164,280</b>	<b>2,300,116</b>	<b>2,215,828</b>	<b>(84,288)</b>
Expenditures:				
Current:				
General government	180,368	235,780	215,280	20,500
Public safety	205,637	205,637	200,415	5,222
Public works	371,321	487,777	486,955	822
Social services	10,876	10,876	10,876	0
Leisure services	16,700	37,447	38,418	(971)
Health and Sanitation	143,000	173,342	141,858	31,484
Special assessments	1,420,051	1,420,051	1,384,716	35,335
Unclassified	47,660	47,660	37,229	10,431
<b>Total expenditures</b>	<b>2,395,613</b>	<b>2,618,570</b>	<b>2,515,747</b>	<b>102,823</b>
<b>Excess (deficiency) of revenues over (under expenditures)</b>	<b>(231,333)</b>	<b>(318,454)</b>	<b>(299,919)</b>	<b>18,535</b>
Fund Balance - beginning	1,350,094	1,350,094	1,350,094	0
Fund Balance - ending	<u>1,118,761</u>	<u>1,031,640</u>	<u>1,050,175</u>	<u>18,535</u>

The accompanying notes to the financial statements are an integral part of this statement.